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On-Site Systems, Inc. 2003 JUL 29 PM 2:22
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July 28, 2003

Pat Murphy
Interim Chief
Energy and Water Division
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

RE: Docket #: 03-00330
Response to Petition to Incorporate a Revised Sewer Subscription Contract

Dear Ms. Murphy:

The following are our responses to your request for additional information.

1. Are you experiencing any uncollectible wastewater charges billed by your company? If so, how much in annual revenue has the company lost in the past year?

We have not experienced any uncollectible wastewater charges billed by our company in the last year. The vast majority of our customers are homeowners in new subdivisions.

2. Have you contacted the incumbent water systems serving your customers about the possibility of On-Site interrupting water service for non-payment of bills for wastewater service? If so, what was their response? List by provider name, giving a contact name and phone number for each.

We have not contacted any water systems about the possibility of On-Site interrupting water service for non-payment of bills for wastewater. We will not be interrupting water service in as much as the service provider will continue to bill for service (at least a minimum bill). Per our contract with the homeowner, a shut off valve will be in place in the homeowner's water line running to their home on the homeowner's side, past the provider's meter.

3. Provide any legal documentation that allows your company to interrupt water service of an existing water provider for non-payment of wastewater charges.

We are not interrupting the service of an existing water provider. Service is still available to the customer's side of the meter. Customer is agreeing to not use the water in the event the sewer bill is in default. It is both our and the customer's legal right to agree to a contract that contains conditions of service.

4. You state in your petition that shutting off water service rather than sewer/wastewater service is the preferred method of the State of Tennessee Department of Environment and Conservation ("TDEC"), because of potential health hazards. Provide a photocopy of any rule, regulation, directive, or other information issued by TDEC, to support that statement.

The basis of TDEC's preference is simply that turning of the sewer valve creates a potential health hazard and turning off a water valve does not. Mr. Mike Thornton and others at TDEC have verbally expressed this preference to us.

5. You also state in your petition that shutting off water service is the typical method used by other providers. Are these "providers" wastewater or water operators? Provide any documentation or research you have obtained to support that statement. Be specific, as to provider names and giving contract names and phone numbers.

In situations where water is provided by one entity and sewer by another, the sewer provider will only provide sewer service where the water provider will agree to turnoff their water service to enforce the payment of the sewer bill. With typical gravity sewer service, there is no sewer valve that can be turned off and it is not feasible to disconnect that type of sewer to enforce payment of the bill.

Mr. Eddie Harris of Wilson Water and Wastewater Authority has this type of arrangement (615-449-295) so does Mr. Carl Scott of Milcrofton Utility District (615) 794-5947

6. Keeping in mind that current On-Site customers signed up for service by signing the "old" contract, is it the intention of the company to apply the proposed cut-off procedure to existing customers? Or will the change in the "new" contract for service apply only to customers added after approval is granted by the TRA?

It is our intention that after it is approved by the TRA, we would use the new form to sign up new customers.

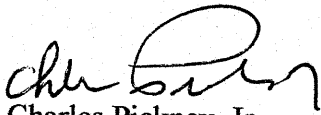
7. The new contract language effectively changes the company's Rules and Regulations, which are part of its tariff. Please submit a proposed revision to the company's tariff (TRA #2, Revised Sheet #4) that agrees with the language in the proposed new contract for service.

See attached

8. If the company proposes to apply a new cut-off procedure for non-payment of bills to its existing customer base, how will the company notify these customers of a change in its Rules and Regulations?

This cut-off procedure is not intended for existing customers.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Charles Pickney, Jr.', written in a cursive style.

Charles Pickney, Jr.
President

Discontinuance of Service

Service under any application may be discontinued for the following reasons:

1. Non-payment of bill as hereinafter set forth below
2. For misrepresentation in the application
3. For adding to the property or fixtures without notice to the Company
4. For molesting any service pipe, tank, control system, filter or any property of the Company in any way whatsoever
5. For violation of any rules of the Company
6. For disconnecting or re-connecting service by any party, other than a duly authorized agent of the Company, without the consent of the Company

Non-payment penalties

A non-payment penalty of five percent (5%) of the monthly charge will be due after the due date shown on the bill. If payment is not received within fifteen days after the due date, a written notice will be sent to the customer. If payment is not received service will be turned off from the customer's property as per the Sewer Subscription Agreement executed by the customer with no additional notice being sent. No service shall be reconnected if discontinued for non-payment (or any other valid reason) until all charges have been paid, including disconnection and reconnection fees. The disconnection fee is \$10 and the reconnection fee is \$15.

Effective Date 8/30/2003